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## **A Guide to the Federal Grants Process**

### ***THE FEDERAL FUNDING PROCESS: AN OVERVIEW***

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## **SOME NOTES ON THE USE OF THIS GUIDE**

<b>Obtaining Companion Documents through Fax-on- Demand</b>	The <i>Guide to the Federal Grants Process</i> includes three companion documents, <i>Preparing Federal Proposals: An Introduction</i> ; <i>Accessing the Federal Register Online</i> ; and the present document, <i>The Federal Funding Process: An Overview</i> . Taken together, the three documents give an overview of the process by which the Administration and Congress prepare a federal budget, the ways in which federal agencies manage and award discretionary funding, the ways in which federal grant information can be accessed, and an introduction to the preparation of federal proposals.
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## ***OVERVIEW OF THE FEDERAL FUNDING PROCESS***

**The Funding Cycle** The federal fiscal year begins October 1 and is "named" for the next calendar year. For example, Fiscal Year 1997 (or FY97) began on October 1, 1996.

Legislation creating (authorizing) or extending federal programs, benefits, or services may occur at any time during the year.

Between October 1 and mid-January, agencies begin spending the funds previously authorized for the current fiscal year and begin preparing budget proposals for the following fiscal year.

In late January or early February of each calendar year, the President submits his budget to Congress for the next fiscal year. For example, in February 1997, the President submitted the proposed budget for FY98.

In February through April, Congress engages in a budget resolution process (described in Section 2 of this guide) that specifies spending levels for all federal agencies.

Between May and September, Congress appropriates funds for federal agencies and programs in a series of budget bills (also described in Section 2).

Beginning in October (sometimes earlier) federal agencies release proposed guidelines describing priorities for and the process by which appropriated funds will be spent for each program (see Section 3 of this guide). The public is invited to comment.

In December to January, after a comment period (usually 60 to 90 days) the agencies begin to release final guidelines and then funding announcements and requests for proposals and applications (also described in Section 3).

In normal budget years the peak period for publication of requests for proposals and applications is between February and May.

Deadlines for submission of proposals/applications are usually from 30 to 90 days after publication of the announcement, so that due dates peak between March and July.

The proposal review process usually is completed within another 60 to 90 days, so that funding awards can be made in time for programs or services to begin on October 1, the start of the federal fiscal year.

The outline above applies to most federal agencies during a normal fiscal year.

However, the process does not always work this way, for various reasons. In many fiscal years, policy or priority differences between the President and Congress, or within Congress, can delay the appropriations process. Some agencies normally operate under a different funding cycle. For example, an agency may release plans or funding announcements a year or more before the usual process begins (that is, two years before the funding will be spent), stating that the actual level of funding will depend on the appropriations process.

## **Some Definitions**

**Authorization and appropriation.** Every federal program, benefit, or service exists as the result of two different Congressional procedures: authorization, through enactment of a law that creates or continues the program for a period of one or more years, and a separate procedure by which Congress allocates (appropriates) funding for it. Although a program may be authorized for more than one year, in most cases funds must be appropriated for it every year.

The authorizing legislation that creates or continues a program or benefit may (rarely) specify a funding level, but normally the annual budget process and a separate appropriations bill for the agency that will run the program determine whether funding will be provided for the program and, if so, at what level.

Normally there are 13 different appropriations bills passed by Congress, one bill for each of several agencies. This process is described in a later section.

**Continuing resolution.** If the necessary appropriations bills are not passed and signed by October 1, federal agencies technically do not have money to continue operating. To prevent government shutdowns, Congress may pass one or more continuing resolutions for all or some federal agencies. These are special bills permitting the agencies to continue spending at specified levels (usually but not always at or below the level of the previous fiscal year) while appropriations are being negotiated within Congress and between Congress and the President.

**Rescissions.** After the budget process is completed, Congress has the opportunity to change its mind through a rescission bill. Normally rescissions are small technical corrections to the budget, but in Fiscal Year 1995 the new Congress rescinded substantial amounts of money that had been appropriated in the preceding budget cycle.

**Mandatory spending.** Mandatory spending is authorized by permanent laws. Entitlements (described below) make up the bulk of mandatory funding, which also pays the interest on Treasury bonds or other government securities. Mandatory funding accounts for 67 percent of the entire budget.

**Entitlements.** Entitlement funding is written into law. These funds must be spent on behalf of any individual with qualifications specified in the authorizing

legislation; the total amount of spending fluctuates based on the number of persons who qualify (Medicare, Medicaid, and Social Security are entitlement programs).

**Discretionary spending.** Nonprofit organizations generally are more interested in discretionary funds--programs that Congress can finance at its discretion-- which include all other government spending from the military and the FBI to housing and Head Start programs. Discretionary spending accounts for about 33 percent of the budget. The authorizing legislation may establish parameters for how the money should be spent (for example, Congress may designate funds for particular activities or areas of the country, or specify a certain percentage of a grant for administrative costs), but agencies make funding decisions within the law and their own guidelines.

## ***THE BUDGET PROCESS\****

**The President's Budget** In late January or early February (by law, no later than the first Monday in February) the President sends a proposed budget to Congress. The budget document is prepared for the President by the Office of Management and Budget (OMB), and may include thousands of pages of details.

This document (or, more accurately, set of documents) represents the President's plan for the coming fiscal year (beginning the following October 1), and includes requests for each of the federal agencies.

Congress need not incorporate the President's proposal into its own budget, but it establishes a position for negotiation.

**The Congressional Budget** Separate budget committees in the House of Representatives and the Senate develop their versions of a budget resolution. This is a spending plan (not a law) that specifies total dollar amounts for revenues, spending, and projected deficits. It establishes broad categories of spending priorities and sets fixed target amounts for various functions.

The spending plan includes mandatory and discretionary funding, defined in Section 1. Discretionary funds must be appropriated every year (as some entitlements may be), but most mandatory spending will continue at levels authorized in current laws unless the President and Congress act to change it. A major change of this type occurred for FY 1997, when Congress passed and the President signed the "Welfare Reform Bill," eliminating entitlements to federal assistance for poor families and requiring specified amounts of funding to be provided to the states.

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\* A simplified outline of the federal budget process is shown in the chart on the following page.

Current law requires that legislation to raise mandatory spending or lower revenues must be offset by spending cuts or revenue increases, in order to prevent new legislation from raising the deficit.

Once the budget resolutions are approved in each house, they go to a budget conference committee (representatives of both houses) and the concurrent budget resolution that results is brought back to the House and Senate for another vote.

Once the concurrent budget resolution is approved, it serves as an instruction to House and Senate appropriations committees, which develop detailed appropriations measures to comply with the resolution. There are 13 appropriations subcommittees in the House, and corresponding subcommittees in the Senate (and 13 House-Senate conference committees). Each committee has responsibility for several federal agencies. The committees are:

- Agriculture, Rural Development, FDA, and Related Agencies
- Commerce, Justice, State, the Judiciary, and Related Agencies
- District of Columbia
- Energy and Water Development
- Foreign Operations, Export Financing, and Related Programs
- Interior and Related Agencies
- Labor, Health and Human Services, Education, and Related Agencies
- Legislative
- Military Construction
- National Security
- Transportation and Related Agencies
- Treasury, Postal Service, and General Government
- Veterans Affairs, HUD, and Independent Agencies

Each subcommittee reports out an appropriations bill for the agencies within its responsibility. Each bill is voted on by the full House or the full Senate; then a House-Senate conference committee negotiates any differences between the two bills and returns a conference report for a final vote by each house.

Each bill goes to the President for his signature or veto.

## OUTLINE OF THE FEDERAL BUDGET PROCESS

**President** sends his  
BUDGET PROPOSAL to **Congress**

**House Budget Committee**  
formulates BUDGET RESOLUTION  
**House** votes on it

**Senate Budget Committee**  
formulates BUDGET RESOLUTION  
**Senate** votes on it

**Joint Conference Committee** negotiates differences between  
**House** and **Senate** BUDGET RESOLUTIONS and creates a  
CONCURRENT RESOLUTION (spending targets and guidelines)  
**House** and **Senate** vote on it

**House Appropriations Committees**  
and **Sub-Committees** create detailed  
APPROPRIATIONS BILLS (13 of them)  
**House** votes on each Bill

**Senate Appropriations Committees**  
and **Sub-Committees** create detailed  
APPROPRIATIONS BILLS (13 of them)  
**Senate** votes on each Bill

**Joint Conference Committees** (13 of them) negotiate  
differences between **House** and **Senate** APPROPRIATIONS BILLS  
and create CONFERENCE REPORTS  
**House** and **Senate** vote on the revised bills

**President** may sign or veto each of the 13 APPROPRIATIONS BILLS. If the **President** signs the  
APPROPRIATIONS BILLS, then agencies can spend the money appropriated to them.

If **President** vetoes any APPROPRIATIONS BILL,  
**Congress** can override the veto with a 2/3 majority.

If this process is not completed by October 1st, the start of the new Fiscal Year, then  
**Congress** may pass a CONTINUING RESOLUTION that provides temporary funding.



## ***HOW FEDERAL AGENCIES SPEND DISCRETIONARY FUNDS***

### **Publication of Rules and Funding Announcements**

Once authorizing legislation is passed, and normally after appropriations have been made, the agency that will administer funding for the program issues a proposed rule for implementing the legislation, and requests public comment on the rule (any interested group or individual can comment). After the comment period (usually about 60 days), the agency publishes a final rule, in which it discusses the comments it has received and its response to these comments in preparing the final rule.

At the same time, or a little later, the agency also publishes a notice of funding availability (NOFA), which alerts the public to a future request for applications (RFA) or actually incorporates the RFA. Many NOFAs or RFAs include an application package; others specify the address, phone number, or Web site where the application package may be obtained. NOFAs/RFAs usually allow 30 to 90 days for submission of applications.

### **Obtaining Information about Funding Availability**

**Federal Register**. All rules and funding notices are announced in the Federal Register, which is published daily by the Government Printing Office in paper and on-line versions. The paper version is available at many branches of the New York Public Library and at New York City's Municipal Reference Library. Information about on-line Federal Register research may be obtained by requesting CCFGN/NPCC Document Number 5003.

**Catalog of Federal and Domestic Assistance (CFDA)**. By (about) the end of the fiscal year in which a program is first authorized, it is listed in a directory called the Catalog of Federal and Domestic Assistance (CFDA) (published twice a year by OMB's General Services Administration). After the initial authorization, proposals for ongoing programs must include a CFDA number, which usually (but not always) is included in the Federal Register announcement. The CFDA is published on paper, on diskette, and on CD ROM; there is a charge for any of these. It also is available through the Internet, for free. The best place to get CFDA information (besides the library) is a Congressional office; most have access to the CFDA on line, which is easier to search than diskettes or paper, and it's a good way to for a group to establish initial contact with Congressional staff.

### **Use of the Federal Register and the CFDA**

The CFDA has indices on topics, agencies, and grantee eligibility. It is a good initial source for information on funding for a specific type of program, but it has some drawbacks. It includes programs that were authorized in previous years but for which no appropriations have been made in recent years--so some

listings are not "real." It does not include programs that have been authorized in the most recent six months, and may not include some programs authorized within the past year. It lacks an indication of deadlines for submission and detailed information about proposal requirements.

In both the Federal Register and the CFDA there is a precis of the law under which the program was authorized, a statement of the purpose of the program, a description of eligible applicants, notes on matching requirements (for funding from nonfederal sources), and contact persons for additional information. Also included (in the Federal Register) are the deadline for submission and number and range of grants anticipated, or (in the CFDA), the range, average amount, and types of programs for which grants were awarded in the past.

## ***THE PROPOSAL REVIEW PROCESS***

### **Scoring of Proposals**

Although the review process varies somewhat by agency, every proposal is read by at least two and often three separate reviewers. In most agencies a proposal may be completely eliminated from competition if it fails in any way to be responsive to the RFA (for example, if it is late, or omits a section, exceeds a specified page limit, or in some cases even if the typeface or margins are smaller than specified in the RFA). In some (but very few) agencies staff or reviewers may request "technical corrections" instead of rejecting a proposal if it is responsive overall but lacks some technical requirement (for example, an indication that the applicant has undertaken a required procedure with a state or city agency).

If a proposal is not rejected for lack of responsiveness, the reviewers read and independently assign scores to the sections of the proposal, based on evaluation criteria published in the RFA. Evaluation criteria normally include a designated number of points assigned for aspects of a statement of need, a statement of objectives, a program description, agency and staff experience and qualifications, and other elements like the use and strength of community partnerships, recommendations from community organizations and individuals, etc.

For some programs the individual reviewers' scores are reported directly to agency staff; for others a review committee (generally comprised of the readers, sometimes including other groups of reviewers for the same RFA, and occasionally including agency staff) will discuss the proposals further and report joint recommendations.

**Proposals scoring lower than a predefined cutoff are rejected for funding. Proposals scoring higher than this cutoff are recommended for funding.**

**Recommendations for funding do not mean that funding will be granted;** actual grants are determined by the number of proposals that qualify, the amount of funding available, and each proposal's ranking among those that are recommended. Sometimes only the highest-scoring two or three proposals can be funded. Other considerations may enter the decision process. In some agencies, program staff review recommended proposals under additional agency priorities indicated in the RFA. For example, some RFAs indicate that a specified amount or proportion of the total funds available will be awarded within each state or region, so that the highest-scoring proposals in a given state or region will be funded in rank order until that amount is expended.

**Reviewers'  
Comments**

The proposal's score or ranking and the reviewers' comments are available to the submitting organization. In some agencies these documents are sent routinely to proposers; from others they must be requested in writing. Reviewers may read dozens of proposals, and may not have time to prepare extensive comments for each one, but **every organization should be sure to obtain these comments and should make use of them in revising the proposal for future submissions.**